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2 tell court Rewald conned them

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Honolulu, Hawaii — A Milwaukee woman testifying from a wheelchair and a blind, 75-year-old retired salesman told a federal court jury here Tuesday how they lost hundreds of thousands of dollars by investing in Ronald Rewald's companies.

Rewald, a former Milwaukee businessman, faces 98 counts of fraud, perjury and tax evasion for allegedly spending millions of dollars in investors' money to support a lifestyle of fast cars, polo ponies and women.

Rewald claims that the CIA set up and ran his company and that he used investors' money to support his CIA cover of a wealthy businessman.

Bea Borkenhagen, a friend of Rewald's family, described how Rewald called her "Aunt Bea" and persuaded her to invest in his sporting goods stores, then in his investment firm, Bishop, Baldwin, Rewald, Dillingham & Wong.

Borkenhagen, who testified from a wheelchair, described how she and her husband built up their savings from a Milwaukee plumbing business. She said her husband, who is now dead, used to go bowling in Milwaukee with Rewald's father.

Borkenhagen said that in 1978 she visited Rewald in Hawaii and he began referring to her as "Aunt Bea." She gave Rewald her power of attorney to sell stocks she had bought with money from the plumbing busi-

ness. That money then was invested in Rewald's firm.

When the bogus investment firm collapsed, she lost \$145,000, she said.

Chester Owen, a former salesman, told the jury that Rewald persuaded him to sell stocks, Kona land and an apartment he owned and invest the money in Rewald's company.

Owen, who is blind, said he went to Rewald's offices with his wife and was impressed by the "sound of the waterfall" and "swank" office trappings. Rewald gave Owen and his wife a brochure that listed the company assets at over \$1 billion, Owen said.

Owen was so impressed with the company and the interest he thought he was making on his investment that he agreed to try to find other investors for Rewald.

When Owen moved to a California mobile home park, he distributed Rewald's literature, which resulted in 30 more investors pumping about a half-million dollars into the company.

Owen lost \$240,000 when the company collapsed in July 1983, he testified.

In other testimony Tuesday, a young woman told the jury that Rewald paid her \$1,000 a month to have sex with him.

Romaine Gonsalves, who will be 23 on Friday, testified that she received a total of \$19,000 from Rewald for having sex with him.

She said the sex and payments

continued after she became pregnant. When her child was born, Gonsalves gave him the middle name Ron after Rewald. She said Rewald also became the boy's godfather.

Gonsalves said she was paid with Bishop-Baldwin checks.

Gonsalves is one of a number of women expected to testify that Rewald paid them for sexual favors.

Rewald's wife, Nancy, who was with him during the first day of trial, was not present Tuesday when Gonsalves described how Rewald approached her about having sex with him.

In July 1981, Rewald asked her to lunch and gave her a check, for \$1,500 for a down payment on a car and for parking fees, Gonsalves testified.

Later, Rewald took her to lunch again and complimented her on her appearance, Gonsalves said.

"He made a remark, like, he didn't know whether to keep me for himself or to give me to his son," Gonsalves said.

She said Rewald offered her \$1,000 a month to have a "secret rendezvous" with him in a Yacht Harbor Towers apartment twice a month.

Asked by prosecutor David Katz whether Gonsalves had sex with Rewald anywhere besides the apartment, she said: "Sometimes in his Rolls-Royce."